



Merged Vouchers and Certificates

Conforming Rules Parts I, II, III

- Proposed conforming rule : February 1993
- Admissions Rule (Part I): July 1994
- Program Administration / Leasing (Part II): July 1995
- Rent Rule (Part III): April 1998

What Differences were Left?

- Subsidy Amounts
- FMR Limit for Certificates
- Contract Rent Adjustments for Certificates
- *Legislation Completes Merger!*

Merger of Funds

- Aim is one ACC / one budget
- All expiring certificate increments are now renewed as voucher increments
- May now use voucher funding to pay for existing certificate HAP contracts until they are converted

When is Effective Date?

- Regulation published May 14, 1999
 - Effective date: October 1, 1999
- Effective date is “merger date”

MERGER RULES

- Technical Correction published September 14, 1999
- Final rule published October 21, 1999
 - Effective date: November 22, 1999
- Final rule amendment published November 3, 1999

Effect of Merger Date

October 1, 1999

- No more HAP contracts can be entered for the certificate program. 
- All new admissions, moves and new leases must be under the new Housing Choice Voucher Program.

***Changed!* Payment Standards**

- 90 - 110% of FMR (basic range)
- PHA can establish exception areas with higher PS within range
- PHA can establish a higher PS within the basic range as a reasonable accommodation
- FO can approve exception areas with PS over 110% to 120% of FMR

***Changed!* Payment Standards**

- HQ can approve exception areas with higher PS for PHA jurisdiction, county or place
- HQ can approve lower PS

Payment Standard Exceptions

- PHA can set exception PS up to a prior HUD-approved area exception rent
- Headquarters approval for PS exceptions greater than 120% of FMR:
 - Only for PHA jurisdiction, county or place
 - Only if need to prevent hardship on families
 - Only with program justification, and
 - Only if justified by rental survey data

Voucher & OFTO Conversions

- All pre-merger Voucher and OFTO tenancies automatically come under New Voucher program (new contracts not needed).
 - Use the new voucher rent calculation at 1st rent determination on or after merger date
 - But, shopping incentive is not eliminated until 2nd reexamination after merger date

Voucher & OFTO Conversions

- New Voucher payment standards (90 - 110%) begin to take effect for all voucher families on the merger date.
 - (PHA will be working with one set of PS schedules.)
- Apply any new higher PS at the family's 1st annual reexamination after the merger date.

Certificate Conversions

- All current certificate families stay certificate families until --
 - They move,
 - The owner offers a new lease, or
 - Their 2nd annual reexam after the merger date(Whichever comes first)

Certificate Conversions

- At the 2nd annual reexam after the merger date, the PHA must convert the family's assistance to the new Housing Choice Voucher program.
 - The PHA must give family & owner 120 days advance notice that certificate assistance will terminate and assistance will be provided under new voucher program.

What Else Changed?

- **New Rent Formula**
 - Maximum Subsidy is lower of:
 - Payment Standard minus TTP
 - Gross Rent minus TTP
 - No shopping incentive for a family who rents a unit where gross rent < payment standard.

New Rent Formula Uses “New TTP”

- Under new rule, maximum subsidy is lower of:
 - Payment Standard - **TTP**
 - Gross Rent - **TTP**
- Under old rule, max subsidy was:
 - Payment Standard - 30% mo. adj. inc.

(“New TTP” is highest of 30% monthly adj. income, 10% total monthly income, the welfare rent, or minimum rent)

When Does New Rent Formula Apply?

- New admissions, Moves, New leases:
 - Applies on merger date
- Pre-merger voucher & OFTO tenancies:
 - Applies at 1st rent determination after merger
EXCEPT: shopping incentive is not eliminated
- Remaining certificate tenancies:
 - Applies at 2nd annual reexam after merger

Eligibility

- **Very Low Income**
 - New! Must target 75% + to ELI
- **Low Income** under criteria in rule:
 - continuously assisted
 - displaced from preservation projects
 - in connection with HOPE I or II
 - New! PHA specified criteria

***New!* Income Targeting**

- 75% + of admissions during FY must have incomes below 30% of area median
 - Continuously assisted and preservation voucher admissions exempted
- Other admissions must be VLI, except for those permitted to be LI

New! Lower Income Targeting Requirements

- PHAs may admit less than 75% ELI admissions in accordance with the PHA Plan
 - If HUD approves a lower targeting requirement for good cause
 - Targeting disregard for WTW families

When will HUD Approve Lower Income Targeting

- The PHA has opened its WL for a reasonable time for admission of ELI families residing in the same MSA & non-metro county area, both inside and outside the PHA jurisdiction .
- PHA provided full public notice & conducted outreach and marketing to ELI families on the S8 and PH waiting list of other PHA s with jurisdiction in the same MSA or non-metro county.

When will HUD Approve Lower Income Targeting

- There are not enough ELI families on the PHA's waiting list
- Admission of additional VLI other than ELI families will substantially address worst case housing needs as determined by HUD.

***New!* Maximum Initial Rent Burden**

- Any new admission or any family who moves **may not pay more than 40%** of adjusted monthly income toward the initial rent and utilities for the unit if the **gross rent of the unit exceeds the applicable PS for the family**

***New!* Maximum Initial Rent Burden**

- Limit applies only at time of initial leasing of a unit, not after.

***New!* Initial HQS Inspection Deadline**

- PHAs with 1,250 or fewer budgeted units:
 - must inspect within 15 days after the family submits a request for approval of the tenancy
 - the 15-day clock is suspended during any period when the unit is not available for inspection

Initial HQS Inspection Deadline

- PHAs with more than 1,250 budgeted units:
 - must meet same 15-day inspection requirement to extent practicable
 - must inspect within a “reasonable time” after family submits request for approval of tenancy

Lease Form

- Must be standard form used by owner in locality and must:
 - comply with State and local law
 - apply generally to unassisted tenants in same property
- Must contain HUD tenancy addendum

Lease Term

- The initial lease term must be for at least one year --
 - Except: *New!* The PHA may approve a shorter initial lease term if:
 - would improve housing opportunities AND
 - shorter term is prevailing market practice

PHA Penalties for Late Payment

- HAP contract will provide for late HAP penalties in accordance with generally accepted practices for late rent charges in local market
(PHA may add HAP contract provision that defines when a payment is deemed received by the owner)
- Penalties may only be paid from admin fees or admin fee reserve

New Limitations on Portability

- PHA may not permit portability if family has moved out of assisted unit in violation of lease
- Family can move only to PHA jurisdiction with tenant-based assistance
- Receiving PHA counts admission of ELI family against its targeting obligation, if it absorbs the family.

What Else is New?

- **Optional PHA Screening**

- The PHA may opt to screen **applicants** for family behavior or suitability for tenancy
- Screening for tenancy is still the responsibility of the owner

(Previously rule provided that PHA must inform owner that PHA has not screened family's behavior or suitability for tenancy.)

What Else is New?

- Voucher Term
 - PHA discretion to extend the cumulative voucher term beyond 120 days whether for reasonable accommodation or other good cause
 - PHA policies on extending voucher term must be in admin plan

What Else is New?

- Administrative Plan
 - No copy to HUD
 - No HUD approval of residency preferences

What Else is New?

- PHA may adopt preferences for:
 - **Residency**
 - Must be included in PHA annual plan (or supporting documents)
 - No HUD approval
 - **Working families**
 - **Person with disabilities**

What Else is New?

- PHA may adopt preferences for:
 - Elderly, homeless, disabled, and displaced singles over other singles
 - PHA should consider whether to adopt a preference for admission of families that included victims of “domestic violence”

2 New Reasons for Disapproval of Owner

- Owner has history of failing to terminate tenancy for drug-related or violent criminal activity or other threatening activity
- Owner has engaged in drug-related or violent criminal activity

2 New Requirements for PHA-Owned Units

- PHA must inform family orally & in writing that family has the right to choose
- PHA must arrange for local government or another independent entity approved by HUD to do:
 - HQS inspections
 - Reasonable rent determinations
 - Help family negotiate rent if requested

Manufactured Home Pad Rentals

- Rent formula changes to mirror new voucher formula
- **NEW!** PS for manufactured home pad rental increased
 - 40 % of the FMR for a 2 BR unit

Repealed!

All Effective Now!

- Federal preferences
- Take-one, take-all
- "Endless lease"
- 90-day owner notice of termination
- 3-month delay on reissuance of turnover
- Shopping incentive for new voucher admissions who lease in-place